

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development adopts new Chapter 78, “Small Business Disaster Recovery Financial Assistance Program,” Iowa Administrative Code.

These rules implement a new program to provide financial assistance to businesses that sustained physical damage or economic loss due to the 2008 natural disasters. The rules establish eligibility requirements, describe the application process, and identify the types and amounts of assistance available.

The Iowa Economic Development Board adopted these rules on September 18, 2008.

In compliance with Iowa Code section 17A.4(2), the Department finds that notice and public participation are impracticable and contrary to the public interest because there is an immediate need to provide funding to eligible businesses in the areas of the state that suffered damage due to this year’s natural disasters. The public interest in having a program in effect to distribute needed state funds outweighs the benefit of a comment period.

The Department also finds, pursuant to Iowa Code section 17A.5(2)“b”(2), that the normal effective date of the rules should be waived and the rules be made effective upon filing with the Administrative Rules Coordinator on September 18, 2008. These rules confer a benefit on the public by ensuring that the financial assistance available through this program is distributed as quickly as possible. Distributing funds promptly will promote the recovery efforts and benefit businesses in the impacted areas.

These rules are also published herein under Notice of Intended Action as **ARC 7236B** to allow for public comment.

These rules became effective on September 18, 2008.

These rules are intended to implement Iowa Code section 15.109.

The following amendment is adopted.

Adopt the following new 261—Chapter 78:

CHAPTER 78

SMALL BUSINESS DISASTER RECOVERY FINANCIAL ASSISTANCE PROGRAM

261—78.1(15) Purpose. The purpose of the small business disaster recovery financial assistance program is to provide financial assistance to businesses that sustained physical damage or economic loss due to the 2008 natural disasters. Financial assistance in the form of working capital to help ensure businesses’ survival and capital for acquisition of energy-efficient equipment is available to businesses that suffered physical damage or economic loss due to the 2008 natural disasters.

261—78.2(15) Definitions.

“*Administrative entity*” means (1) selected cities that administer local disaster recovery programs, and (2) councils of government (COGs) established by Iowa Code chapter 28H.

“*Department*” or “*IDED*” means the Iowa department of economic development.

“*Economic development corporation*” means a local economic development corporation that provides disaster recovery loans to businesses.

“*Financial institution*” means a state bank as defined in Iowa Code section 524.103, subsection 33; a state bank chartered under the laws of any other state; a national banking association; a trust company; a federally chartered savings and loan association; an out-of-state state-chartered savings bank; a financial institution chartered by the federal home loan bank board; a non-Iowa chartered savings and loan association; an association incorporated or authorized to do business under Iowa Code chapter 534; a production credit association; a credit union; or such other financial institution as defined by the department for purposes of this chapter.

“*SBA*” means the U.S. Small Business Administration.

261—78.3(15) Distribution of funds to administrative entities.

78.3(1) Allocation of funds. IDED will disburse funds in the form of a grant to administrative entities. The grant shall be used to provide financial assistance to eligible businesses in the form of forgivable loans and reimbursement for acquisition of energy-efficient equipment. Funds will be allocated to administrative entities on the basis of the percentage of SBA disaster loans awarded to businesses located within the city's or COG's jurisdiction.

78.3(2) Application process. To apply for funding, an administrative entity shall submit a letter to IDED stating its interest in receiving an allocation from the small business disaster recovery financial assistance program. Letters shall be sent to: Business Finance, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309.

78.3(3) Redistribution of unobligated funds. By April 30, 2009, if a local administrative entity has not obligated funds to eligible businesses for allowable activities, the department will reallocate funds to administrative entities that have demonstrated additional unmet need for financial assistance. Funds for this program shall be available through June 30, 2009.

261—78.4(15) Eligible business. An eligible business is one that meets the following requirements:

78.4(1) The business has sustained physical damage or economic loss due to the 2008 natural disasters, and

78.4(2) The business has received a disaster loan from SBA, a financial institution, or an economic development corporation.

261—78.5(15) Eligible program activities; maximum amount of assistance.

78.5(1) Program funds available for working capital. An eligible business may apply for funding for working capital to ensure the business's survival. The maximum amount of program funds available for working capital to ensure the business's survival is 25 percent of the business's SBA loan up to a maximum of \$50,000.

78.5(2) Program funds available for energy-efficient purchases. The amount of \$5,000 per eligible business is available to reimburse the business for the full cost of purchasing energy-efficient furnaces and boilers, appliances, air conditioners, hot water heaters, windows, and insulation. To receive reimbursement, the eligible business shall provide documentation to verify that the energy-efficient equipment meets the standards established by the Iowa office of energy independence.

78.5(3) Total program assistance capped at \$50,000. An eligible business shall not receive more than \$50,000, including the program funds available for energy-efficient purchases (maximum of \$5,000) through this small business disaster recovery financial assistance program.

261—78.6(15) Allowable types of assistance to eligible businesses. An administrative entity shall provide financial assistance from this program to eligible businesses in compliance with the terms and conditions described in this rule. An administrative entity may award funds in the form of a forgivable loan to businesses that have received a disaster loan from the SBA, a financial institution, or an economic development corporation. A forgivable loan is a loan that will be forgiven if the business reopens within 12 months of the award date and, if applicable, upon receipt of documentation that the business has purchased and installed the energy-efficient equipment.

261—78.7(15) Program administration and reporting. Each local administrative entity shall enter into a contract with an eligible business to provide assistance under this program. The contract shall include terms and conditions that meet the requirements of these rules as well as provisions to require repayment if funds are not used in compliance with the program. Each local administrative entity shall provide oversight and contract administration to ensure that the recipients of program funds are meeting

contract requirements. Each local administrative entity shall collect data and submit reports to IDED about the program in the form and content required by IDED.

These rules are intended to implement Iowa Code section 15.109.

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